



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

George Lenard, Treasurer  
Chappelle-Nadal for Congress  
P.O. Box 300254  
University City, MO 63130

**APR 24 2018**

RE: MUR 7106  
Chappelle-Nadal for Congress and  
George Lenard in his official  
capacity as treasurer

Dear Mr. Lenard:

On July 18, 2016, the Federal Election Commission notified you of a complaint alleging that Chappelle-Nadal for Congress and you in your official capacity as treasurer (the "Federal Committee") violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act").

On March 6, 2018, the Commission voted to dismiss the allegation that the Federal Committee failed to disclose the in-kind contribution of web services, in violation of 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.13(a). Section 30104(b) of the Act and 11 C.F.R. § 104.13(a), a provision of the Commission's regulations, require in-kind contributions totaling over \$200 from a single source to be itemized on reports to the Commission. The Commission cautions the Federal Committee to take steps to ensure that it is in compliance with the Act and the Commission's regulations.

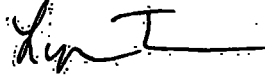
On April 19, 2018, the Commission found that there is no reason to believe the Federal Committee violated 52 U.S.C. § 30125(e)(1)(A) and 11 C.F.R. § 110.3(d), and no reason to believe the Federal Committee violated the reporting requirements at 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.13(a) in connection with television advertisements, a newspaper advertisement, a door hanger, and fund transfers. Accordingly, the Commission closed its file in this matter as it pertains to the Federal Committee. The Factual and Legal Analysis, explaining the Commission's findings, is enclosed.

The Commission reminds you that the confidentiality provisions of 52 U.S.C. § 30109(a)(12)(A) remain in effect, and that this matter is still open with respect to other respondents. This matter will become part of the public record within 30 days after the entire file is closed with respect to all other respondents involved. The Commission will notify you when the entire file has been closed.

Chappelle-Nadal for Congress  
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If you have any questions, please contact Shanna Reulbach, the attorney assigned to this matter, at (202) 694-1638.

Sincerely,



Lynn Y. Tran  
Assistant General Counsel

Enclosure

Factual and Legal Analysis

## FEDERAL ELECTION COMMISSION

### FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Chappelle-Nadal for Congress and George MUR: 7106  
Lenard in his official capacity as treasurer

#### I. INTRODUCTION

This matter was generated by a Complaint filed with the Federal Election Commission (the "Commission") by Michelle C. Clay. The Complaint, together with its supplements, alleges that Chappelle-Nadal for Congress and George Lenard in his official capacity as treasurer (the "Federal Committee"), Missouri State Senator Chappelle-Nadal's principal campaign committee, violated the soft money prohibitions in the Federal Election Campaign Act of 1971, as amended (the "Act"). The Complaints argue that the Federal Committee accepted in-kind contributions and transfers from Chappelle-Nadal's state committee, Citizens for Maria Chappelle-Nadal (the "State Committee"), and another local committee, and failed to report the transactions.

#### II. FACTUAL & LEGAL ANALYSIS

In 2003, Chappelle-Nadal registered Citizens for Maria Chappelle-Nadal with the Missouri Ethics Commission. She successfully ran for the Missouri House of Representatives in 2004, 2006, and 2008, and for the Missouri State Senate in 2010 and 2014.<sup>1</sup> After the 2014 election, she was term-limited from running for the Missouri State Senate again.<sup>2</sup> At that time, she had approximately \$200,000 in her State Committee's account.<sup>3</sup> In January 2015,

<sup>1</sup> CO31173: *Citizens for Maria Chappelle-Nadal*, MO. ETHICS COMM'N, [http://mec.mo.gov/MEC/Campaign\\_Finance/CF11\\_CommInfo.aspx](http://mec.mo.gov/MEC/Campaign_Finance/CF11_CommInfo.aspx) (last visited Jan. 30, 2017).

<sup>2</sup> MO. CONST. art. III, § 8.

<sup>3</sup> 2014 30-Day After General Election Report, *Citizens for Maria Chappelle-Nadal* (Dec. 4, 2014).

1 Chappelle-Nadal amended the State Committee's Statement of Organization to reflect that she  
2 would be running for statewide office in 2020.<sup>4</sup>

3 Chappelle-Nadal also filed a Statement of Candidacy for Missouri's First Congressional  
4 District on October 6, 2015, and on the same day she registered Chappelle-Nadal for Congress as  
5 her principal campaign committee.<sup>5</sup> As of October 29, 2015, the Federal Committee had  
6 collected over \$5,000 in contributions, making Chappelle-Nadal a federal candidate under the  
7 Act.<sup>6</sup> She lost to her incumbent opponent in the August 2, 2016 Democratic Primary Election.

8 The Complaints in this matter allege that the Federal Committee violated the Act's soft  
9 money prohibition because it accepted and failed to report soft money contributions and  
10 transfers.<sup>7</sup> The Act's soft money provision prohibits federal candidates, their agents, and entities  
11 established, financed, maintained, or controlled ("EFMC'd") by federal candidates from  
12 soliciting, receiving, directing, transferring, or spending funds "in connection" with any federal  
13 or non-federal election unless the funds are in amounts and from sources permitted by the Act.<sup>8</sup>

14 The Commission has provided guidance on the types of activities that are "in connection"  
15 with an election. Such activities include, but are not limited to: (1) contributing to a candidate  
16 committee; (2) contributing to a political party organization; (3) soliciting funds for a candidate  
17 committee; (4) expending funds to obtain information that will be shared with a candidate

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<sup>4</sup> Amended Statement of Committee Organization, Citizens for Maria Chappelle-Nadal (Jan. 28, 2015).

<sup>5</sup> Statement of Organization, Chappelle-Nadal for Congress (Oct. 6, 2015); Statement of Candidacy, Maria Chappelle-Nadal (Oct. 6, 2015).

<sup>6</sup> 52 U.S.C. § 30101(2)(A) (stating that a person becomes a "candidate" when she receives contributions aggregating over \$5,000); 2015 Year-End Report, Chappelle-Nadal for Congress (Jan. 29, 2016).

<sup>7</sup> Under Missouri law, candidates can accept unlimited contributions and contributions from corporations and labor unions. MO. REV. STAT. §§ 130.011-.160 (providing no contribution limit); *id.* § 130.029 (stating that corporations and labor organizations may make contributions).

<sup>8</sup> 52 U.S.C. § 30125(e)(1)(A)-(B); 11 C.F.R. §§ 300.61-.62.

1 committee; (5) expressly advocating the election or defeat of a candidate; and (6) “federal  
2 election activity,” as defined by the Act, which includes public communications referring to a  
3 clearly identified federal candidate and that promote, support, attack, or oppose (“PASO”) a  
4 candidate for that office.<sup>9</sup>

5 A federal candidate who concurrently runs for state or local office may solicit, receive,  
6 and spend funds outside of the Act’s amount and source limitations when the solicitations,  
7 receipts, and expenditures are solely in connection with her own state or local race.<sup>10</sup> Further,  
8 where this exception does not apply, a state committee can comply with the soft money  
9 provisions of the Act by using a reasonable accounting method to determine the amount of hard  
10 and soft money in its account and then use only the hard money to pay for activities in  
11 connection with other candidates’ elections.<sup>11</sup>

12 As an extension of the Act’s soft money ban, the Commission’s regulations also  
13 explicitly prohibit “[t]ransfers of funds or assets from a candidate’s campaign committee or  
14 account for a nonfederal election to his or her principal campaign committee or other authorized  
15 committee for a federal election . . . .”<sup>12</sup> The regulations provide, however, that when a  
16 candidate has both a federal and nonfederal committee, “at the option of the nonfederal  
17 committee, the nonfederal committee may refund contributions, and may coordinate

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<sup>9</sup> Advisory Op. 2009-26 (State Representative Coulson) at 5 (“AO 2009-26”); Advisory Op. 2007-26 (Schock) at 4 (“AO 2007-26”); Advisory Op. 2006-38 (Casey State Committee) at 4 (“AO 2006-38”). “Federal election activity” also includes voter registration activity within 120 days of a federal election; voter identification, get-out-the-vote activity, or generic campaign activity for a federal election; and services provided by certain employees of a political party. 52 U.S.C. § 30101(20); 11 C.F.R. § 100.24.

<sup>10</sup> 52 U.S.C. § 30125(e)(2).

<sup>11</sup> AO 2007-26 at 3; AO 2006-38 at 3. For this purpose, the Commission has approved as reasonable the “first in, first out” and “last in, first out” accounting methods. AO 2006-38 at 3. Other accounting methods may also be reasonable.

<sup>12</sup> 11 C.F.R. § 110.3(d).

1 arrangements with the candidate's principal campaign committee or other authorized committee  
2 for a solicitation by such committee(s) to the same contributors." The solicitations must be paid  
3 for by the federal committee(s).<sup>13</sup>

4 Below we examine the application of the soft money prohibition to each of the  
5 allegations in the Complaints. We note that, during the relevant time period, the State  
6 Committee had soft money in its account and was continuing to raise soft money.<sup>14</sup>

7 **A. Unlawful In-Kind Contributions from State Committee**

8 1. Television Advertisements

9 The Complaints allege that the State Committee, beginning in July 2016, paid Spectrum  
10 Reach TM ("Spectrum Reach") \$14,450.85 for 1,119 television advertisements promoting  
11 Chappelle-Nadal's federal candidacy, and that the Federal Committee failed to disclose this in-  
12 kind contribution.<sup>15</sup> The Federal Committee denies accepting any in-kind contributions from  
13 Chappelle-Nadal's State Committee. Respondent explains that Spectrum Reach erroneously  
14 billed the State Committee instead of the Federal Committee for the television advertisements.  
15 The State Committee wrote a check but realized the error and canceled it. The Federal  
16 Committee asserts that it ultimately paid for the commercials and stated that it would disclose the  
17 expense on its upcoming Commission report.<sup>16</sup> The Federal Committee also provided a copy of  
18 a \$14,450 check from the Federal Committee to Spectrum Reach and Spectrum Reach's  
19 confirmation of receipt of the check.<sup>17</sup> Further, a review of the Federal Committee's filings

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13 *Id.*

14 See generally the State Committee's 2015 and 2016 reports.

15 2<sup>nd</sup> Supp. Compl. at 1 & Attach. A (Aug. 30, 2016).

16 Resp. at 2 (Sept. 26, 2016).

17 *Id.*, Attachs. A-B.

1 shows that the Committee reported the \$14,450 disbursement to Spectrum Reach on its 2016  
2 October Quarterly Report.<sup>18</sup>

3 Because the available information shows that the State Committee did not pay Spectrum  
4 Reach for television advertisements connected to Chappelle-Nadal's federal candidacy, the  
5 Commission finds no reason to believe that the Federal Committee violated 52 U.S.C.  
6 § 30125(e)(1)(A) by accepting an impermissible in-kind contribution in connection with the  
7 television advertisements, or that it violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.13(a) by  
8 failing to report the alleged in-kind contribution from the State Committee.

9 2. Toxic Waste Newspaper Advertisement

10 The Complaints further allege that the State Committee paid for a radio advertisement for  
11 the Federal Committee, and that the Federal Committee failed to disclose the in-kind  
12 contribution.<sup>19</sup> The Federal Committee denies that the State Committee paid for a radio  
13 advertisement supporting Chappelle-Nadal's federal candidacy. It asserts that the expenditure to  
14 which the Complaints refer was for a newspaper advertisement in the form of a letter from  
15 Chappelle-Nadal to residents of St. Louis, entitled "Radioactive Waste: Toxic Waste Dumped  
16 Across St. Louis County." The article detailed the location of the toxic waste and its possible  
17 health effects. It then encouraged "everyone to contact their local, state and federal  
18 representatives and demand action." The Federal Committee acknowledges that radioactive  
19 waste is a "signature issue" for Chappelle-Nadal, but claims that Chappelle-Nadal published this

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<sup>18</sup> 2016 October Quarterly Report, Chappelle-Nadal for Congress (Oct. 15, 2016).

<sup>19</sup> 1<sup>st</sup> Supp. Compl. at 1 (Aug. 4, 2016).

1 article as a constituent communication in her continuing role as a state senator, and not as a  
2 campaign communication.<sup>20</sup>

3 As noted above, activities are covered within the scope of section 30125(e) if they are “in  
4 connection” with an election, for example, if they solicit funds, expressly advocate for a  
5 candidate’s election, or constitute “federal election activity” including public communications  
6 referring to a clearly identified federal candidate and that PASO a candidate for that office.<sup>21</sup> It  
7 does not appear that Chappelle-Nadal’s newspaper advertisement calling for action on a toxic  
8 waste site near St. Louis was connected to any election. The advertisement was a public  
9 communication that clearly identified a federal candidate,<sup>22</sup> Chappelle-Nadal, but the  
10 Commission has determined that the “mere identification of an individual who is a Federal  
11 candidate does not, in itself, promote, support, attack or oppose that candidate.”<sup>23</sup> Furthermore,  
12 the Commission has concluded that a statement of a federal candidate’s previous or ongoing  
13 legislative efforts does not PASO that candidate.<sup>24</sup> Because the newspaper advertisement here  
14 simply identified Chappelle-Nadal, discussed her previous efforts to eradicate the toxic waste,  
15 and did not identify any other candidate, we conclude the article did not PASO any candidate,  
16 and therefore did not qualify as “federal election activity.”

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<sup>20</sup> Resp. at 2 (Aug. 29, 2016) (“Aug. 29, 2016 Resp.”).

<sup>21</sup> AO 2009-26 at 5; AO 2007-26 at 4; AO 2006-38 at 4.

<sup>22</sup> The Act defines “public communication” to include a communication by means of any newspaper. 52 U.S.C. § 30101(22).

<sup>23</sup> AO 2009-26 at 7.

<sup>24</sup> See *id.* at 9 (concluding that a state representative running for Congress could spend soft money on a “health care legislative update” letter to her state constituents because the letter, though it discussed her policy achievements, did not PASO her or any of her opponents).



1 In addition, the toxic waste advertisement did not solicit money, gather information about  
2 potential voters, or expressly advocate the election or defeat of any candidate. The  
3 communication was directed to the constituents of Chappelle-Nadal's state senatorial district and  
4 functioned to raise awareness of a public health risk and propose steps for solving the problem.  
5 In doing so, the advertisement was akin to the type of communications commonly produced by  
6 state officeholders. The mere fact that Chappelle-Nadal planned to continue her efforts to clean  
7 up the waste if elected to Congress did not transform the newspaper advertisement from a  
8 constituent communication into a campaign advertisement.<sup>25</sup>

9 As the available evidence indicates that the State Committee did not publish the toxic  
10 waste advertisement "in connection" with any election, the Commission finds no reason to  
11 believe that the Federal Committee violated 52 U.S.C. § 30125(e) by unlawfully receiving soft  
12 money. As such, the Commission also finds no reason to believe that the Federal Committee  
13 violated 52 U.S.C. § 30104(b) and 11 C.F.R. § 104.13(a) by failing to report an in-kind  
14 contribution from the State Committee.

15 3. Web Services

16 Finally, the Complaints allege that the State Committee paid for the Federal Committee's  
17 web services, and that the Federal Committee failed to disclose the in-kind contribution from the  
18 State Committee.<sup>26</sup> The Complaints observe that the Federal Committee maintains a website,  
19 Facebook page, and Twitter account, but has never disclosed any expenses for hosting these  
20 platforms. The State Committee, on the other hand, disclosed a \$508 disbursement to Local

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<sup>25</sup> *Id.* ("[A] State officeholder's declaration of Federal candidacy does not automatically alter the character of the candidate's activities routinely engaged in as a State officeholder.").

<sup>26</sup> Compl. at 1 (July 11, 2016).

1 Politech Strategies for “data maintenance and website hosting” on its 2015 Year-End Report,  
2 even though Chappelle-Nadal was not actively campaigning for state office.<sup>27</sup> The Complaints  
3 therefore allege that the State Committee’s disbursement to Local Politech Strategies was for  
4 “data maintenance and website hosting” in connection with Chappelle-Nadal’s federal  
5 campaign.<sup>28</sup>

6 The Commission is in possession of information indicating that the State Committee’s  
7 \$508 disbursement to Local Politech Strategies was for “EyesOnFerguson.com,” a now-defunct  
8 website Chappelle-Nadal created to inform people living in her state senatorial district about the  
9 unrest in Ferguson. The available information indicates that the Progressive Change Campaign  
10 Committee (“PCCC”) provided Chappelle-Nadal’s congressional campaign website and social  
11 media platforms free of charge. Based on this information contradicting the Complaints’  
12 allegations, the Commission finds no reason to believe that the Federal Committee accepted and  
13 failed to report an in-kind contribution of web services from the State Committee, in violation of  
14 52 U.S.C. §§ 30104(b) and 30125(e)(1)(A) and 11 C.F.R. § 104.13(a).

15 We note, however, that the Federal Committee was receiving in-kind contributions from  
16 the PCCC for web services, and a review of the Federal Committee’s Commission reports shows  
17 that it has failed to disclose those contributions. The potential amount in violation appears to be  
18 *de minimis*, though—given that Chappelle-Nadal for Congress’s campaign website  
19 (“maria2016.com”) was not particularly sophisticated and hosting “EyesOnFerguson.com,”  
20 which was comparable in sophistication, appears to have cost only \$36.30 a month.

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<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

1 Accordingly, the Commission dismisses the allegation that the Federal Committee violated 52  
2 U.S.C. § 30104(b) and 11 C.F.R. § 104.3(a) by failing to disclose the in-kind contribution of web  
3 services.<sup>29</sup>

4 **B. Unlawful In-Kind Contribution from Other Non-Federal Committee**

5 The Complaints further allege that the Federal Committee instructed Marty Murray—a  
6 local candidate who received a contribution from the State Committee—to use soft money in his  
7 campaign account to pay for a door hanger supporting Chappelle-Nadal’s congressional  
8 candidacy.<sup>30</sup> The Complaints appear to argue that the Federal Committee directed the use of soft  
9 money and produced a coordinated communication with Murray, which it failed to disclose as an  
10 in-kind contribution.<sup>31</sup> In support of this allegation, the Complaints reference a picture from an  
11 online news article that shows Murray handing a Chappelle-Nadal door hanger to a resident.<sup>32</sup>

12 The Federal Committee denies any wrongdoing with regard to the door hanger. It  
13 explains that the door hanger actually had two sides—one side supporting Chappelle-Nadal for  
14 Congress and the other side supporting Murray for Seventh Ward Committeeman. The Federal  
15 Committee states that it “split” the cost of the door hanger with Murray’s committee.<sup>33</sup> An  
16 attached copy of the door hanger shows that each candidate used one side of the door hanger,  
17 with Chappelle-Nadal’s side bearing a “Paid for by Chappelle-Nadal for Congress” disclaimer,

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<sup>29</sup> Cf. *Heckler v. Chaney*, 470 U.S. 821 (1985).

<sup>30</sup> See 1<sup>st</sup> Supp. Compl. at 1 & Attach. F (Rachel Lippmann, ‘Young Turks’ in the city look to shape Democratic Party, one seat at a time, ST. LOUIS PUBLIC RADIO, July 21, 2016).

<sup>31</sup> *Id.* at 1.

<sup>32</sup> *Id.* at 1 & Attach. F.

<sup>33</sup> Aug. 29, 2016 Resp. at 2-3.

1 and Murray's side bearing a "Paid for by the Committee to Elect Marty Murray" disclaimer.<sup>34</sup>  
2 The Federal Committee also attached to its Response a June 10, 2016 invoice for 500 door  
3 hangers from Ink Spot, Inc., and a check from the Federal Committee to Ink Spot, Inc. written on  
4 the same day.<sup>35</sup>

5 When a person produces a communication at the request or suggestion of a candidate or  
6 her authorized committee, the communication is coordinated and must be reported by the  
7 committee as an in-kind contribution.<sup>36</sup> A state or local candidate can, however, partner with  
8 federal candidates to produce a communication supporting all of their campaigns without making  
9 a coordinated expenditure.<sup>37</sup> So long as each candidate pays for her allocable share of the  
10 communication, no candidate makes a coordinated expenditure or contribution to any other.<sup>38</sup>  
11 The Commission's regulations state that, when candidates partner to make a publication, they  
12 must allocate the costs based on "the proportion of space . . . devoted to each candidate as  
13 compared to the total space . . . devoted to all candidates."<sup>39</sup>

14 The available evidence indicates that Chappelle-Nadal and Murray partnered in the  
15 production of the door hanger at issue. Each candidate occupied one half of the space on the

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<sup>34</sup> *Id.*, Attach. A.

<sup>35</sup> *Id.*, Attachs. B-C. The invoice was for \$167.37, while the check was for \$292.35. *Id.*, Attachs. B-C. The Federal Committee does not explain the discrepancy. However, it does not appear that Chappelle-Nadal for Congress paid for Murray's half of the door hangers because \$167.37 doubled is \$334.74.

<sup>36</sup> 52 U.S.C. § 30116(a)(7)(B); 11 C.F.R. § 109.21(b)(1).

<sup>37</sup> 11 C.F.R. § 106.1(a).

<sup>38</sup> Advisory Op. 2006-11 (Washington Democratic State Central Committee) at 3 ("AO 2006-11") (concluding that a state political party that wished to distribute a flier featuring one clearly identified federal candidate with other "generically referenced candidates of the State Party Committee" had to pay for the correct proportion of the space used to promote the non-federal candidates, or it would be making a contribution to the federal candidate or a coordinated expenditure with the federal candidate).

<sup>39</sup> 11 C.F.R. § 106.1(a). While this regulation applies only to expenditures made on behalf of "more than one clearly identified federal candidate," the Commission has applied the principle of allocation to situations in which only one federal candidate appears in a communication. See AO 2006-11 at 2-4.

1 door hanger, and each candidate appears to have paid for one half of the costs associated with the  
2 door hanger. Therefore, the candidates correctly allocated the costs and avoided making a  
3 contribution to the other's committee.

4 Because Murray did not make a contribution to Chappelle-Nadal's Federal Committee, or  
5 a coordinated expenditure on her behalf, the Federal Committee did not have an obligation to  
6 report a contribution from Murray. Furthermore, because Chappelle-Nadal paid for her allocable  
7 share of the door hanger with funds from her Federal Committee, there was no soft money  
8 violation. The Commission therefore finds no reason to believe that the Federal Committee  
9 violated 52 U.S.C. §§ 30104(b), 30125(e)(1)(A), or 11 C.F.R. § 104.13(a) with regard to the door  
10 hanger.

#### 11 C. Prohibited Transfers Between State and Federal Committees

12 Finally, the Complaints allege that the Federal Committee accepted two unlawful  
13 transfers from the State Committee. First, the Complaints allege that the State Committee  
14 transferred \$1,000 to the Federal Committee on December 31, 2015. The State Committee  
15 disclosed the disbursement on its 2015 Year-End Report to the Missouri Ethics Commission, but  
16 the Federal Committee failed to disclose the transfer on any of its reports.<sup>40</sup> Second, the  
17 Complaints observe from the Committees' reports that Sandy Tsai contributed \$14,000 to the  
18 State Committee in 2013, but the State Committee refunded the full amount of the contribution  
19 on December 10, 2015.<sup>41</sup> On December 29, 2015, Tsai then made a \$2,500 contribution to the  
20 Federal Committee which, the Complaints argue, was another "inappropriate transfer of funds."<sup>42</sup>

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<sup>40</sup> Compl. at 1.

<sup>41</sup> *Id.*; Amended 2015 Year-End Report, Citizens for Maria Chappelle-Nadal (Feb. 1, 2016).

<sup>42</sup> Compl. at 1.

1 The Federal Committees denies that the \$1,000 transfer occurred. It asserts that, while  
2 the State Committee wrote a \$1,000 check and disclosed the disbursement on its Missouri Ethics  
3 Commission Year-End Report, one of the Committees thereafter realized that the transfer should  
4 not occur. The State Committee canceled the check before the Federal Committee deposited it,  
5 and the State Committee filed an Amended Year-End Report to remove the transfer.  
6 Accordingly, the Federal Committee argues, the transfer never came to fruition, and it did not  
7 have a reporting obligation because it never deposited the check.<sup>43</sup>

8 The Federal Committee does not deny that Tsai received a \$14,000 refund from the State  
9 Committee and then made a contribution to the Federal Committee. It states that Tsai requested  
10 the refund.<sup>44</sup>

11 The available evidence supports the Respondent's position that the Committees never  
12 completed the \$1,000 transfer of funds from the State Committee to the Federal Committee. The  
13 State Committee's 2015 Year-End Report disclosed a \$1,000 contribution to the Federal  
14 Committee, but the State Committee filed an amended report shortly thereafter, removing the  
15 contribution.<sup>45</sup> The Federal Committee never reported a \$1,000 transfer or contribution from the  
16 State Committee.<sup>46</sup> These reports corroborate the Federal Committee's statement that the check  
17 was canceled before it was deposited.

18 Furthermore, the Commission's published guidance to congressional candidate  
19 committees states that there is no reporting obligation when a committee returns a contribution to

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<sup>43</sup> Resp. at 2 (Aug. 3, 2016).

<sup>44</sup> *Id.* at 1.

<sup>45</sup> 2015 Year-End Report, Citizens for Maria Chappelle-Nadal (Jan. 15, 2016); Amended 2015 Year-End Report, Citizens for Maria Chappelle-Nadal (Feb. 1, 2016).

<sup>46</sup> See 2015 Year-End Report, Chappelle-Nadal for Congress (Jan. 29, 2016).

1 a donor without depositing it.<sup>47</sup> A “return” is analogous to the situation presented in this matter,  
2 as the Federal Committee never deposited the check, and the funds reverted back to the State  
3 Committee. Thus, treating the transaction here as a kind of return, the Federal Committee was  
4 not required to report a \$1,000 transfer.

5 The available evidence also indicates that Tsai asked the State Committee to refund her  
6 contribution, and there is no evidence that the State Committee paid to solicit her for her  
7 subsequent contribution to the Federal Committee. Therefore, the Commission finds no reason  
8 to believe that the Federal Committee violated 52 U.S.C. §§ 30125(e)(1)(A), 30104(b), and  
9 11 C.F.R. § 110.3(d) with regard to the allegations of transfers and the alleged reporting  
10 deficiency.

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<sup>47</sup> FED. ELECTION COMM., *Federal Election Commission Campaign Guide: Congressional Candidates and Committees* (June 2014) at 112, available at <http://www.fec.gov/pdf/candgui.pdf> (“[A] committee may return a contribution to the donor without depositing it, although the return must be made within 10 days . . . . In this case, the committee does not have to report . . .”).